

Ninth ASEAN-Australia-New Zealand Dialogue: Kuala Lumpur

30 October-1 November

ASEAN at 50

A New Zealand Perspective

Introduction

We have been invited to address the questions: what are the priority areas for ASEAN as it celebrates its 50th anniversary in 2017? And how do Australia and New Zealand see their role evolving vis-à-vis ASEAN in the future?

Before taking up this invitation I challenge the suggestion in the preamble that while ASEAN's achievements are undeniable, its cohesiveness and effectiveness in some areas continue to be called into question. That could be said of any regional association. Look at the travails besetting the European Union, which it must be said is a much less diverse grouping than ASEAN.

Bringing a number of countries together especially countries of such diversity and at very different stages of development, presents a set of challenges that are not always easy to overcome. And in ASEAN's case those challenges are multiplied as the region comes to terms with the emergence of a new superpower that shares land and/or maritime borders with many of the ASEAN's and is not content to accept the traditional dominance of the United States in the Western Pacific.

I intend to discuss the challenges facing each of the three pillars of ASEAN: the Political-Security Community (APSC); the ASEAN Economic Community (AEC), and the ASEAN Socio-Cultural Community (ASCC), and how New Zealand might help.

Why ASEAN matters to New Zealand

First, however, I want to highlight why ASEAN matters to New Zealand. We have long considered the security of South-east Asia as a significant underpinning of our own security and accordingly have made a significant commitment to regional security that now spans almost 70 years. That commitment has substantially evolved but the underlying fact remains. Your security and prosperity are fundamental to our own.

Through our civil aid programmes and longstanding education links, for instance the Colombo Plan, we have contributed to the region's development. As ASEAN's economies grow so does the importance to New Zealand of our economic links. ASEAN is now our fourth largest trading partner. There are rapidly growing tourism, investment and cultural links. Finally, and certainly not least, the unpicking of history courtesy of DNA

has highlighted the historical links between parts of your region and our indigenous Maori people. These are links that bind us together.

The Political/Security Pillar

As it looks to and beyond its 50th anniversary ASEAN is confronted by a daunting range of challenges in the political/security arena. An immediate priority is to make solid progress on implementing the Declaration of Conduct for the South China Sea and on negotiating the Code of Conduct. Easy to say much harder to do, especially given ASEAN's mix of claimant and non-claimant states that China endeavours to exploit to its advantage.

ASEAN was criticised, unreasonably in my view, for its failure to take a harder line during the East Asia Summit on China's military adventures in the South China Sea by insisting on wording that supported The Hague Tribunal's verdict. But that overlooks the positives. Agreement was reached with China on applying the Code for Unplanned Encounters at Sea (CUES) which will establish a hotline between ASEAN States and China, and by setting a target date for action on the Code of Conduct (CoC).

Given the significant role played by Coastguard vessels in the region, ASEAN might now set its sights on expanding the application of CUES to Coastguard activities given that CUES has the important aim of improving operational safety in the air and at sea. New Zealand has encouraged progress in implementing the Declaration of Conduct and on moving ahead with the Code of Conduct and despite the frustrations that have dogged both, we will continue to do so. We would also advocate the expansion of CUES, and support other opportunities to promote maritime cooperation, including maritime security and safety, search and rescue, freedom of navigation and overflight, unimpeded commerce, and the peaceful resolution of disputes.

To focus entirely on the South China Sea, however, is to overlook a range of other security issues that have a bearing on the region's future stability. These include terrorism from which there appears no immunity; the proliferation of weapons of mass destruction; cyber threats, and other transnational organised crime issues. All offer opportunities for closer cooperation between ASEAN and New Zealand. Indeed cooperation in countering terrorism and trans-national crime has already been strengthened through the framework of the ASEAN-New Zealand Joint Declaration for Cooperation to Combat International Terrorism, with a focus on community policing, border security, cross-border investigations, terrorist financing, money-laundering and cyber security. There is also cooperation in combatting people smuggling and trafficking in persons.

Another challenge for ASEAN is to maintain its centrality in the regional security architecture at a time of a major shift in Asia's political tectonic plates which is a major challenge for ASEAN. I would argue there is no alternative to ASEAN centrality in the region's security architecture. Given the animosity between the key nations to your north and the illogicality of any concept of centrality to your south, there is no alternative either geographically or geopolitically to ASEAN centrality.

There are in fact encouraging signs of a robust defence of ASEAN's centrality. In the security field ASEAN Defence Ministers have made solid progress in giving substance to the ASEAN Defence Ministers plus Forum (ADMM+). The number of expert working groups has been increased from 5 to 7 with the latest addition being cyber-security – a timely and welcome development. Within ASEAN, Defence Ministers have launched a Direct Communications Link, a significant development that has largely flown under the radar. The Link is in effect a hotline between Defence Ministers that can be activated in times of a crisis situation to ensure a speedy response.

A priority now should be to give more substance to exercises held under the Forum's auspices and to build connections between both young military leaders and defence officials. There is also a pressing need for ASEAN Ministers to engage in a substantive dialogue on traditional security as well as the more comfortable non-traditional security issues, with a particular emphasis on crisis mitigation.

A few ideas: the suggestion last year by Singapore's Chief of Navy for a regional framework on submarine operational safety – this is a particularly timely idea given the rapid proliferation of submarines in the region which carries the risk of an incident with serious consequences. Other ideas would be conventional ASEAN-wide naval exercises that could lead in time to such exercises also including the extra-regional members of ADMM+, and a new expert working group on crisis mitigation. Current geo-political tensions should be viewed as an opportunity to mitigate risk rather than being daunted by them.

New Zealand can contribute to this process by sharing ideas and encouraging dialogue. New Zealand has already co-chaired the peacekeeping operations group with the Philippines; is currently co-chairing the important maritime security group with Brunei, and will next year resume our cooperation with the Philippines in co-chairing the new cyber-security group. Our ongoing active roles in the broader ASEAN Regional Forum, the East Asia Summit, the ASEAN Post Ministerial Conference, the ASEAN-New Zealand Dialogue, and the ASEAN-New Zealand Joint Cooperation Committee, all provide opportunities to reinforce the principle of ASEAN centrality.

The Economic Pillar

The establishment of the ASEAN Economic Community in 2015 is a major milestone in ASEAN's regional economic integration agenda. The Community offers a huge market, is collectively the third largest economy in Asia and the 7th globally. Projections have the latter figure rising to 5th by 2050.

The way ahead, however, will not be easy. There is much more to be done as set out in the AEC Blueprint 2025. Wide-ranging strategic measures and work plans will be the focus of a great deal of work over the next decade. Among the many challenges is the need to equip small and medium businesses (SME's) to deal with the new realities of the AEC, given that they make major contributions to each member state's GDP.

They are, however, likely to face significant competition from multinational corporations under the AEC entry rules. At the present time labour productivity in most member states' SME's, Singapore apart, is far from the levels needed for those businesses to become qualified suppliers in global value chains. Investment in technology and specialised technical training will be essential if SME's are to lift their game. Another significant challenge is the need for infrastructure development which does not appear to have been recognised at least explicitly in the Blueprint.

How can New Zealand assist? New Zealand is firmly convinced of the role of regional integration in lifting an entire region, and designed its cooperation with ASEAN over the next five years to align it with ASEAN's 2025 vision and integration frameworks. A Prosperity Strategy is one of two key strategies in our Plan of Action for cooperation with ASEAN over the next five years. It will support ASEAN's economic development and regional economic integration by focussing on areas where New Zealand can offer special skills.

New Zealand has signalled its continued support to bring in to effect the ASEAN-Australia-New Zealand Free Trade Agreement by building the capacity of ASEAN officials to implement the ASEAN Economic Community, and to prepare the way for an ambitious outcome in the Regional Comprehensive Economic Partnership negotiations.

Only four ASEAN countries have been engaged in the Trans-Pacific Partnership negotiations, but all of ASEAN could be affected if the agreement does not cross the line this year because of the geo-political consequences of failure. Touted as the main economic pillar of the American pivot to Asia, the TPP's demise would confirm the views of those who claim that the United States role in and ability to commit to the region is in decline, while China is ready and willing to step into the resulting vacuum. New Zealand remains convinced that a successful TPP will benefit the entire region and not just those who have been engaged in its negotiation, and continues to push hard for the conclusion of the TPP.

Socio/Cultural Pillar

ASEAN's Socio-Cultural Community blueprint remains a work in progress. The very diversity of ASEAN is a significant complicating factor. As Singapore's Prime Minister Lee said recently "ASEAN finds it difficult to make progress together...because there is not a very strong sense of ASEAN identity". As a recent ISEAS paper noted "the challenge will become more pronounced as ASEAN transitions into the next phase of community-building which requires a higher degree of political will".

One issue in this regard is that ASEAN has perhaps become too Jakarta-centric. Allocating newly created institutions and offices to other ASEAN capitals would help in this respect. ASEAN must also wrestle with Timor Leste's application to become a member. Timor has a good case, but its admission courtesy of the Association's consensus decision making model, could slow ASEAN's progress in important directions.

I noted earlier that there are two key strategies in New Zealand's Plan of Action for future cooperation with ASEAN. The second is a People Strategy which will build opportunities for training and exchanges with a greater flow of people in both directions, and a particular focus on youth, especially current and future leaders.

Examples include short-term diplomatic skills training courses for junior diplomats from the ASEAN region; an annual fellowship programme for ASEAN; a knowledge and skills programme focussing on vocational training and an expansion of English as a second language programme; an expanded agricultural flagship programme to boost agricultural incomes through control of foot and mouth disease; an expanded disaster management flagship programme focussing on investment in pre-positioning supplies in ASEAN's regional depot in Malaysia; cooperation in combatting the effects of climate change, preparing for the eventuality of regional pandemics, and strengthening the capability of the ASEAN Secretariat.

Conclusion

There are many challenges ahead, but ASEAN should be given more credit for its achievements to date. New Zealand will strive to continue to build its relationship with ASEAN in ways that complement the various strategies in each of the three pillars of the ASEAN Charter.

As ASEAN looks ahead its very centrality will increasingly expose it to the growing strategic rivalry between China and the United States. While that will call for astute diplomatic footwork, it will also strengthen the perceived strategic importance of ASEAN to both countries. The trick will be to maximise the benefits of strong relationships with both.

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